(c) whether Government reconsiders the desirability of treating of such income as part of exports?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHI): (a) and (b) Under Section 80 HHC of Income-tax Act, 1961 the profits derived from the export out of India of any goods of merchandise specified in the said section are eligible for deduction if the sale proceeds of such goods or merchandise are received in or brought into India in convertible foreign exchange. The deduction is subject to the satisfaction of other conditions specified in the section. The advertisements in any media are not goods or merchandise exported out of India and therefore are not aligible for deduction u/s 80HHC.

(c) Presently there is no such proposal under consideration of the Government.

Finance Minister's Visit to Germany

2103. DR. GOPALRAO VITHALRAO PATIL: Will the Minister of FINANCE be pleased to State

(a) whether Finance Minister has visited Germany in recent past;

(b) if so, details thereof with names of other who participated in this foreign tour;

(c) whether some agreements have been signed during this visit between two countries;

(d) if so, details thereof;

(e) what amount has been spent on this foreign our by Indian delegation;

(f) whether this visit will benefit the country in any way; and

(g) if so, details thereof and if not, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Yes, Sir. The Finance Minister accompanied by officials of the Ministry of Finance viz. Shri N.K. Singh, the then Additional Secretary (EF), Smt. Sumati Mehta, Director (EEC), Smt. Neelam Kapoor, Director (Public relations) and Shri N.K. Jain, Private Secretary to Finance Minister had visited Germany from 18th to 21st June, 1995.

(c) and (d) During the Finance Minister's visit following agreements were signed:

(i) Financial Cooperation Agreement 1995: Under this agreement, Government of Federal Republic of Germany (FRG) has agreed to provide a financial assistance of DM 366.6 million to Government of India for mutually agreed? projects/ programme.

(ii) Bilateral Investment Protection Agreement: The agreement seeks to promote and protect investment from either country into the other.

(iii) The Agreement for Avoidance of Double Taxation with respect to taxes on income and capital: The agreement provides for reduced rates of taxation on income from dividents, interest, royalties and fees for technical services. The agreement also provides for the exchange of information between the two countries for mutual procedure for solving the tax problems.

(iv) Supplemental Agreement for Rural Water Supply, Rajasthan: Under the agreement Government of FRG would provide an additional amount of DM 40 million as grant, thus making their total countribution for the project to DM 135 million for a German assisted ongoing rural water supply project in Rajasthan.

(v) Energy Investment Programme: Under this agreement FRG would provide an amount of DM 46.5 million to Power Finance Corporation for rehabilitation of Power Plants & Distribution Systems.

(e) An amount of about Rs. 6.44 lakhs has been spent by the Indian Delegation of this tour.

(f) and (g) The visit would benefit the country as provided for in the Agreements signed with the Government of FRG during the visit. In addition, possible cooperation in the field of poverty eradication with German assistance was also discussed and agreed upon. The visit also helped in furthering the bilateral economic relations between the two countires.

Analysis of Corporate Profitability by CMIE

2104. SHRI VIREN J. SHAH:
SHRI PRAMOD MAHAJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether a recent analysis of corporate profitability by the Centre for Monitoring India Economy (CMIE) indicates that while labour productivity has been increasing for the sample companies, the marginal productivity of fresh investments of private sector companies declined by over one fourth between 1990-91 and 1993-94;

(b) if so, what are the reasons and what are the various factors responsible for this decline; and

(c) what steps Government have so far taken to check the decline so that the country's growth is not badly hit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) A study entitled the Indian Corporate Sector, published by the Centre for Monitoring Indian Economy in April, 1995, inter-alia observes that:

— Output per wages has increased more or less consistently over the period 1987-88 to 1993-94, and the increase is well distributed over all industries and sectors. For the private corporate sector, it increased from 11.1 in 1990-91 to 12.4 in 1993-94. The marginal productivity of investment in the private corporate sector declined from 1.50 in 1990-91 to 0.93 in 1992-93 but this improved somewhat in 1993-94 and was 1.10.

The main reason for decline of marginal productivity of the private corporate sector is the decline in marginal productivity of investment of large Indian Houses from 1.27 in 1990-91 to 0.79 in 1993-94 and of other Indian Private Companies from 1.46 in 1990-91 to 1.10 in 1993-94. However the marginal productivity of private companies was about stable showing a marginal change from 2.50 in 1990-91 to 2.48 in 1993-94.

(c) Under the new economic policy, structural reforms undertaken by the Government in the spheres of trade, industry and public sector are aimed at enhancing efficiency, competitiveness and productivity of Indian industry, and impart dynamism to the overall growth process. The early results of reforms have been quite encouraging. Industrial production which was virtually stagnant in 1991-92 has gone up sharply by 8.4 per cent in 1994-95, after registering an increase of 5.6 per cent in 1993-94.

Assistance Provided to improve the conditions of Hospitals

2105. MAULANA OBAIDULLAH KHAN AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether the Government of Uttar Pradesh has in the recent past submitted a proposal for seeking financial assistance from Housing and Urban Development Corporation and National Housing Bank to improve the Conditions of Hospitals; and

(b) if so, the amount of financial assistance provided so far by the Government?